ABSTRACT OF THE DISCLOSURE

A system and method for allocating a resource using a progressive second price auction technique. An auction is held for a limited resource, such as bandwidth in an Internet Service Provider Network in which bids are submitted by

5   prospective users including the quantity desired and the price for each unit of resource bid upon. In order to make an efficient allocation, a new bidder is granted some of the resource based upon the availability of the limited resource due to the bids higher than the new bidder. The actual price paid by the new bidder is based upon bids made with lower prices who have been or would have been allocated some of the resource. This

10   calculation of the price paid encourages bidders to bid their actual valuation of the resources rather than engage in inefficient tactical bids.